



1979 - 1989

**A DECADE
OF DECLINE**

BARGAINING BACKWARDS

1979-1989

A REVIEW OF UAW'S DECADE OF DECLINE

From 1955-1979 UAW's big 3 contracts set a pattern for progress that all of American Industrial Labor tried to follow and keep up with. Every 3 years, we negotiated contracts that gave us annual raises which exceeded the rising cost of living. Our contracts also introduced innovative features such as SUB, fully paid health insurance, early retirement and paid personal holidays. Our members enjoyed a continually rising standard of living, made possible by 9 rounds of forward moving 3 year contracts.

Then in 1980, before the onset of the Reagan Recession, came Chrysler's brush with bankruptcy, and the beginning of large scale concession bargaining.

I. CHRYSLER - 1980-81:

It took 3 rounds of concessions, as our contribution to the Chrysler bailout. By early 1981, Chrysler workers had taken a \$1.15 per hour pay cut, had lost cost of living, (just when inflation was running away) and annual improvement factor increases and had surrendered our 9 days a year of paid personal holidays. Estimates of the total loss of wages and benefits given up directly, along with the wage related benefits lost indirectly, come close to \$5 an hour, more than a 25% cut.

There is room to argue that all this was necessary to save the company from its own incompetency, that without our extreme concessions the bailout might not have passed Congress and the company might have gone under. But there is no way to find wisdom in our failure to provide for automatic return of all our concessions if and when Chrysler returned to profitability.

Looking back, no one can praise the logic of negotiating ourselves into the position of having to fight to win back our giveaways through the next 3 rounds of National Bargaining.

It took until 1987 for Chrysler wages to return to Ford and General Motors levels. But, by that time, concessions the Big 2 had extracted, inspired by the Chrysler example, made a return to Pre-1980 patterns impossible at Chrysler.

II. EARLY BARGAINING. 1982:

The Reagan, voo-doo economic recession and the inflated value of the dollar against the Yen (1-240) cut American made car and truck sales drastically in 1981. Ford and GM had the excuse they needed to demand the Chrysler pattern. But they couldn't wait for contract expiration. Because of timing, sales might pick up by late '82, so they called for early negotiations and immediate concessions.

In early 1982, we extended our 1979 contracts to 1984. We gave up annual 3% raises, we gave away our 9 paid personal holidays and our Christmas bonus of one day's pay. We froze pensions for 2 years and agreed to sub-standard starting wages for non-skilled workers at 85% of regular pay.

We also agreed to attendance penalties and an 18 month postponement of the cost of living raises that would become due in the final 3 quarters of 1982.

The 1982 Ford and GM contracts were the first to authorize whipsawing. These contracts invited the corporations to turn Local against Local with identical new language, stating:

"In the event that changes in labor costs can make a difference in the reasons for a major outsourcing action, the Union shall have 30 days from the notice to propose any changes in work practices or any Local deviation from the National Agreement that will make it feasible for the Company to continue to produce without being economically disadvantaged."

Our 1982 contracts were applauded in the Wall Street Journal and other business publications for saving the companies \$2 an hour. Industry Week of March 8, 1982 summed up the Ford contract by stating:

"The contract itself can only be interpreted as a corporate relief plan. Despite some argument to the contrary, the contract contains precious little for the workers. The 'gains' achieved by the UAW-items such as profit sharing, job guarantees and plant-closing language- are so rife with qualifiers that they are virtually meaningless to the vast majority of Ford's UAW members."

III. 1984-UNION SHUTOUT OF INDUSTRY RECOVERY:

By 1984, profits and executive bonuses were breaking records. But we failed to restore what we had given up in 1982, and we failed to restore the basic pattern of our pre-concession contracts.

3% annual raises were not brought back. Instead, we won a first year raise of 1 to 3% (averaging 2 1/4%) and a bonus payment of 2 1/4% in the second year.

The third year there was no wage increase at all, because the 2 1/4% lump sum bonus was just repeated.

We went into 1984 negotiations with job security as our top priority. We were determined to protect our jobs through:

** Content control and outsourcing restrictions in the contract

** Significant, immediate pension gains to encourage early retirement

** Shorter work time to provide more jobs

** Restrictions and increased premiums to limit overtime

We settled for little more than a job placement program. Pension increases did not keep up with the cost of living. Paid personal holidays, or any significant move to shorter work time, was forgotten. Excessive overtime remained uncontrolled. Nothing was done to provide security against plant closing, outsourcing or new technology.

These failures invited intensification of whipsawing. Local after local negotiated concessions in their working conditions to try to save their plants from shutdowns and to try to get work put into their plants.

IV. SATURN - THE SUPER GIVE-AWAY:

In 1985, the International Union and General Motors negotiated the secret, never published, Saturn Contract more than 4 years in advance of the planned opening of this new plant.

Saturn base wages are only 80% of the auto industry average, with starting rates 20% lower than that. Saturn workers will be able to work up to GM pay levels only through incentive pay, and profit sharing classifications are out. There is almost no seniority protection. Union representation is merged into management, with a new kind of elected group leader, becoming a sort of combination Union Steward and working foreman. Saturn replaces the pension fund with poorly funded personal retirement accounts.

The Saturn Agreement is so bad that the International insisted on including a no precedent disclaimer. A letter from President Bieber stating that Saturn is a "special case" and that the UAW does not consider the agreement as setting any precedent, was made part of the contract.

The Saturn contract was a disastrous step for the Union for two reasons beyond the setbacks for the members who will work there:

1. All agreements set precedents, regardless of disclaimers. GM management immediately began working at Saturnizing its plants on a piece-meal basis, with whipsawing threats of outsourcing and plant closing.
2. Auto industry management understood the message that was sent by the readiness of the international to enter into the secret Saturn deal, in violation of our constitutional ratification requirement. Vice-President Ephlin's statements that Saturn represents the future of the Auto Industry, confirmed the message.

V. 1987: ANOTHER LOST OPPORTUNITY:

By 1987, the corporations were determined to hold us to contracts that follow the 1984 pattern, and they succeeded. Again our contracts failed to make a dent in the companies' super profits and again, we failed to reverse the corporate attack on our working conditions.

Again, we won only a first year raise of 3%. In the second and third years, we received lump sum payments of 3%, which represented a mere a 3/4 of 1% increase over the previous contract bonus, with no raise at all the third year when the same 3% bonus is paid again.

Job security was our top bargaining goal. We sacrificed all the plants that were on notice for closing (over 30,000 jobs) to try to save the rest. We won job guarantees protecting our members against layoffs and further plant closings, except due to market conditions, model change or sale of a plant as an ongoing business. This minimal protection has not slowed up the corporate effort to play plants off against each other for jobs.

Despite the promises, plants are being shut down for what is called "temporary idling," due to alleged lack of work, at the same time that other plants doing the same work, are on heavy overtime.

The '87 contract did not bring any protection against whipsawing. In fact, the provisions for joint job security and operational effectiveness committees invite Local concessions by encouraging Local negotiation of Team concepts and combinations of classifications, and by authorizing Local deviations from the National Contract.

The UAW's decade of decline has seen us give up equal pay for Big 3 auto workers with the introduction of profit sharing, the membership at GM is now much lower paid than at Ford, and even somewhat behind Chrysler. But even the large profit sharing bonuses paid to Ford workers make up less than half what we have lost by the sacrifice of annual wage increases, which will leave our wages more than \$4,000 a year behind the old 3% annual pattern by the expiration of the present contracts.

The justification is always foreign competition. But with the dollar having lost half its value against the Yen, we are at a significant advantage against the Japanese, who represent more than 3/4 of all foreign auto competition. That's why all the Japanese companies are building plants here. Honda is actually exporting U. S. built cars to Japan. There is no longer any Japanese pressure on our wages.

American auto companies are building new plants overseas and entering into "joint ventures" with our so called "foreign competition" at an unprecedented rate. They are now the largest employer in Mexico with plans for expansion to the new cheap labor frontier, China. As POGO once said, "I have seen the enemy and they are US."

But where is the call for a new offensive to restore our progress? Are we again ready to fight for higher wages, shorter hours and better working conditions?

The UAW led American Labor into retreat during the Reagan years. Only our Union is large enough and strong enough to declare that it's time for labor to surge forward again, and make it happen. There's much damage to undo, and much lost ground to be regained. With the economic outlook turning hazy, there is no time to be lost.

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